

Office of Logistics Comments on Draft of Legislation for CIA

References are to sections in the draft dated 29 August 1955. Examples indicating the need for added authorities are supplied where appropriate. No comment is made on authorities already authorized by "Central Intelligence Agency Act of 1949 as amended." (This Act is referred to as Public Law 110).

1. Section 3(a)(7) - Sections 5(a)(5)(B) and (D) of P.L. 110 authorize the Agency to establish first-aid stations, provide nursing services under certain conditions, and provide for periodic physical examinations and for the cost of administering inoculations or vaccinations. The implementation of these provisions by the Agency requires the procurement and use of medicine and medical supplies. The need for authority to negotiate for the purchase of medicine is shown by our requirement for Salk vaccine. It was not possible to procure the vaccine by formal advertising; rather, direct and personal negotiations were required with each of the limited number of producers.

4. Section 3(a)(11) - Section 10(a) of P.L. 110 reads in part

" was made available to the Agency by appropriation or otherwise may be expended for purposes necessary to carry out its functions, including - - - - -

(1) purchase or rental and operation of photographic, reproduction, cryptographic, duplication and printing machines, equipment and devices, and radio-receiving and radio-sending equipment and devices"

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In addition, the publicly stated mission of the Agency involved the "collection, dissemination and evaluation of information." There is a continuing need for such equipment or standard military equipment. In such an event, it becomes necessary to enter into research and development contracts for production of items to meet the Agency's specific requirements, particularly in the field of communications. Further, the Clandestine Services require unique items (TSS type) which are not available from any source as standard items and for which the Agency must negotiate with security-cleared contractors. In view of the facts above, and the fact that the Agency's budget includes several million dollars for research and development purposes, it is required that we have authority to negotiate contracts as provided in this section.

5. Section 3(a)(13) - Agency operations require a communications system on a world-wide basis. Successful operation of this communication network requires that we procure large quantities of radio receivers, transmitters and ancillary equipment capable of continuous operation. The operation and maintenance of the equipment require large quantities of spare parts. Formal advertising for this type of equipment and spare parts is not practicable because acceptance of the lowest bid would result in procurement from too many different manufacturers, with the attendant increase in the kinds and quantity of spare parts. The authority proposed in this section will authorize negotiation with selected contractors for the purpose of standardization and interchangeability when in the public interest.

7. Section 3(a)(16) - The circumstances covered by this authority are applicable to CIA in that we have work to be done or products to be manufactured which are unrelated to any commercial product. It is possible that unless we negotiated contracts with the specially qualified and security-cleared contractors in these fields, they

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would not be "available in the event of a national emergency." This authority is not widely used, even by the Department of Defense, and will be used even less by CIA; however, it should be available in the event of a national emergency. An example of the need for the authority of this section is shown in the case of the firm of

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8. Section 3(f) - It is recommended that the reference to Section 3(a)(11) be deleted from the first sentence of the section. This authority is delegable down to Assistant Secretaries of Defense in P.L. 413. The wording in the proposed draft authorizes the delegation to a chief officer or official of the Agency who is responsible for procurement and for not more than \$25,000. It is proposed that this authority be delegated to the Director of Logistics and without the money limitation. Many of the Agency contracts that would fall under 3(a)(11) are for more than \$25,000. Besides, approval for such programs has been obtained from higher authority (Deputy Director level and/or Project Review Committee) before the requisition to negotiate the contract is forwarded to the Office of Logistics.

It would also seem advisable to permit to be delegated the exercise of all authorities now restricted to the "head of the Agency" in this section as defined in Section 3(a)(12)-(16).

9. Section 3(h)(2) - It is recommended that the last sentence of this subsection be deleted so as to preclude for security reasons the necessity of the Agency's submitting reports to the General Accounting Office.

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the Director so that reports and the like which the Armed Forces are required to submit to the Congress and the General Accounting Office will not be required. The following is a suggested paragraph:

"Nothing in this section should derogate from the Director's responsibility and authority to protect intelligence sources and methods."

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